United Nations A/C.2/52/SR.20

General Assembly
Fifty-second session

Official Records

Distr.: General
11 February 1998
English
Original: French

Second Committee

Summary record of the 20th meeting
Held at Headquarters, New York, on Tuesday, 28 October 1997, at 10 a.m.

Chairman: Mr. de Rojas ..... (Venezuela)

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The meeting was called to order at 10.20 a.m.

Agenda item 99: Operational activities for development (*continued*)

(a) Operational activities for development of the United Nations system (*continued*)

Draft resolution A/C.2/52/L.5: Operational activities for development of the United Nations

1. **Mr. Kamando** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/52/L.5.

Agenda item 95: Macroeconomic policy questions (*continued*)

(d) External debt crisis and development (*continued*)

Draft resolution A/C.2/52/L.8: Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

2. **Mr. Mwakapugi** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/52/L.8.

(a) Financing of development, including net transfer of resources between developing and developed countries (*continued*)

Draft resolution A/C.2/52/L.4: Global financial flows and their impact on the developing countries

3. **Mr. Mwakapugi** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/52/L.4.

Agenda item 101: Permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*)

Draft resolution A/C.2/52/L.6: Permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population of the occupied Syrian Golan over their natural resources

4. **Mr. Kaid** (Yemen) introduced draft resolution A/C.2/52/L.6 on behalf of the sponsors, who had been joined by Algeria; he said that the word "people" in the second preambular paragraph should be changed to "peoples".

Agenda item 96: Sectoral policy questions (A/52/139, A/52/284, A/52/347, A/52/447-S/1997/775, A/52/460, A/52/480)

(a) Industrial development cooperation

(b) Business and development (A/52/413 and A/52/428)

5. **Mr. Yumkella** (Director of the Africa Bureau of the United Nations Industrial Development Organization (UNIDO)) introduced the relevant report of the Secretary-General (A/52/480) on behalf of UNIDO and the Economic Commission for Africa (ECA). Despite the tremendous efforts made by the African countries in recent years, African industry remained vulnerable. The continent was in danger not only of de-industrialization but also of being marginalized in the global economy. In view of the formidable challenges to be faced, it was essential to promote private-sector-led industrial development under a strengthened and refocused programme for the Second Industrial Development Decade for Africa.

6. Accordingly, UNIDO was carrying out activities to promote institutional capacity-building in the private sector through training and support services; investment promotion forums; cleaner production technologies; wider awareness and adoption of ISO 9000 and ISO 1400 quality standards; and food safety management practices. Meanwhile, ECA had conducted several sectoral studies and had organized a series of events to promote private-sector industrial development.

7. Since the inception of the programme for the Second Decade, UNIDO had allocated about $10 million every biennium for its implementation and had successfully applied the "seed money" concept. Pursuant to General Assembly resolution 50/94, UNIDO and ECA had given priority to information dissemination and enhancement of networking capacities.

8. Technical cooperation services under the programme for the Second Decade had undergone a thorough review to take the consequences of globalization into account. The mid-term evaluation of the programme, undertaken in 1996 and 1997, had indicated that redoubled efforts should be made to translate objectives into practical programmes for which funds could be mobilized. Moreover, special implementation mechanisms at the country level needed to be established and/or strengthened, private-sector and civil-society involvement in the Second Decade should be strengthened and closer partnerships should be promoted between the programme's lead agencies, other relevant United Nations agencies and the donor community.

9. Consequently, in 1996, the Organization of African Unity (OAU), ECA and UNIDO had launched the Alliance for Africa's Industrialization; in 1997, the Conference of African Ministers of Industry had adopted, at its thirteenth session, a Plan of Action specifying the measures to be undertaken at the country and regional levels to achieve the objectives of the Alliance. The Plan provided, *inter alia*, for the establishment of an institutional framework to ensure that Africans remained in charge of the Alliance. With respect to the mobilization of funds for the implementation of the Plan of Action, the Conference had adopted a resolution requesting that a meeting of donors and development finance institutions should be organized. The objectives established could not be achieved unless they were integrated into country strategy notes and the new United Nations development assistance frameworks.

10. The Declaration of Heads of State and Government of OAU, adopted recently in Harare, had reaffirmed the belief that, without sustainable industrial development, African economies would be condemned to persistent economic crisis, dependence on humanitarian relief and deepening poverty, despair and political unrest, with dire consequences for global peace and stability.

11. **Mr. Bertucci** (Director of the Division for Governance, Public Administration and Finance in the Department of Economic and Social Affairs), introducing the report of the Secretary-General on entrepreneurship and privatization for economic growth and sustainable development (A/52/428), recalled that the General Assembly had considered the question at various sessions and had adopted a number of resolutions on it, including resolution 50/106. He also recalled the provisions of paragraph 7 of resolution 50/225 on public administration and development, in which the Assembly recognized the need for public administration systems to be sound and efficient through the strengthening of partnership with the private sector, as well as providing an enabling environment for private sector activities.

12. The report contained in document A/52/428, which was the second submitted by the Secretary-General, differed from the first in that it organized the activities of United Nations bodies thematically. Thirteen organizations had submitted materials for inclusion, thereby indicating the importance which the United Nations system attached to the promotion of entrepreneurship and private sector development. The importance of the subject could hardly be overstated. Countries were currently reacting to a wide and complex set of driving forces — economic globalization, democratization, environmental pressures, corruption, fiscal and external deficits, pressures for social justice, the information revolution, the expanding role of the private sector and of civil society — which required a redefinition of the appropriate mix of public and private sector intervention in the economy.

13. It was in that context that Governments had embarked upon reforms aimed, on the one hand, at enlarging the private sector by various means (greater use of partnerships with non-governmental organizations and private firms, privatization, outsourcing, conversion of military assets to civilian purposes, private sector financing of infrastructure, private sector partnerships with the United Nations, and so on) and, on the other hand, greater emphasis on small and medium-sized enterprises through various measures to bring about administrative deregulation and promote domestic and foreign investment.

14. Listing the various themes dealt with in the Secretary-General's report, he drew the Committee's attention to the report of the Group of Experts on the United Nations Programme in Public Administration and Finance (E/1997/86), which discussed, *inter alia*, the creation of an enabling environment for private sector development. The background papers prepared by the Secretariat under the symbols ST/SG/AC.6/1997/L.6 and L.7 could also be consulted.

15. **Mr. Kisiri** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, underscored the importance of industrial development cooperation for promoting and modernizing the productive capacities of developing countries. He took note of the ongoing work on the implementation of the programme for the Second Industrial Development Decade for Africa and welcomed the recommendations that had emanated from the mid-term review of the Decade, the guidance given by the Organization of African Unity and the role played by the United Nations Industrial Development Organization and other United Nations agencies. He called upon the international community to continue to provide support, especially technical and financial assistance, to enable Africa to fulfil the goals of the programme.

16. On the question of the development of entrepreneurship, the State had a critical role to play in creating an enabling environment for the establishment and growth of small and medium-sized enterprises and in providing the legal and regulatory framework required for promoting entrepreneurship. Indeed, the State should promote free and fair competition within the market economy and, where necessary, deregulate the macroeconomy in order to reduce the risks to which small and medium-sized enterprises were exposed. The State

should also protect new and still fragile industries by providing institutional support, infrastructure and services which the market could not provide and without which entrepreneurship and the private sector could not develop.

17. In that connection, he expressed appreciation for the work being undertaken by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) and UNIDO to support small and medium-sized enterprises, encourage initiatives aimed at promoting exchanges among countries, networking by enterprises and South-South cooperation, and to implement decisions previously taken at United Nations conferences, including those referred to in chapter 30 of Agenda 21.

18. For many developing countries, the issue of privatization and public sector reform was still important and the State had an important role to play in promoting a climate that was conducive to market restructuring.

19. In conclusion, he noted with interest the recommendations made by the Secretary-General in section IX of his report, including those concerning further assistance from the United Nations, follow-up to the Micro-Credit Summit and implementation of the agreed conclusions of the Economic and Social Council on fostering an enabling environment, with a view to strengthening entrepreneurship and privatization for economic growth and sustainable development.

20. **Mr. Graff** (Luxembourg), speaking on behalf of the European Union, the associate countries of Bulgaria, Cyprus, Estonia, Hungary, Lithuania, Poland, Romania and Slovenia and, in addition, Norway, said that small and medium-sized enterprises played a key role in most developing countries, since their expansion created employment, promoted social stability and entrepreneurship and contributed to the diversification of exports. The initiatives undertaken by the various agencies of the United Nations system in support of small and medium-sized private sector enterprises, including the initiatives on micro-credit and the promotion of a culture and spirit of enterprise were therefore important.

21. The European Union would continue to play an active part in the efforts to create an environment favourable to the development of small and medium-sized enterprises both at the macroeconomic level and by recasting legislative and regulatory frameworks, simplifying administrative procedures and reforming legal systems. In fact, economic growth and development could not deploy their whole potential without good management of public affairs.

22. The European Union supported the efforts to establish a partnership between the public and private sectors by setting up support initiatives to encourage the creation and development of small and medium-sized enterprises. In that connection the introduction of programmes designed to improve access to information and promote direct cooperation between businessmen, in particular through the exchange of best practices, also deserved commendation.

23. The European Union endorsed the objectives of the UNCTAD programmes to strengthen local capacities by giving attention to the links between investments, technology and enterprise development. The specialization of small and medium-sized enterprises and the strengthening of their links with multinational enterprises should be encouraged. Governments and international organizations should also seek to regulate the development of technologies and capacities, for that was a crucial factor for the growth of small and medium-sized enterprises.

24. One of the major obstacles to the development of small and medium-sized enterprises in general and micro-businesses in particular was access to loans. Micro-credit was an essential means of meeting the financial needs of persons who could not provide the security required by the traditional banking system, in particular the one-person enterprises managed by women which could help to expand the integration of women in economic and social life. Small and medium-sized enterprises also constituted an important instrument in the fight against poverty and facilitated the integration of the poorest population groups.

25. The European Union would continue to support the measures to strengthen the small and medium-sized enterprise sector, which constituted the platform from which a dynamic private sector could develop. With that in mind, it had noted with interest the proposals made by the Secretary-General in his report entitled "Renewing the United Nations: a programme for reform" (A/51/950), which were designed to strengthen the dialogue between the United Nations and the private sector.

26. **Mr. Winnick** (United States of America) said that the private sector was the primary engine of economic growth in successful development. The relationships between business – multinationals, small and medium-sized enterprises or micro-businesses – and development lay at the core of the debate on sustainable development.

27. It was therefore regrettable that the Secretary-General's report (A/52/428) limited itself to listing United Nations activities, whereas General Assembly resolution 48/180 had called for a substantive report clarifying the focus of such activities.

28. The abolition of monopolies, for example, could play a leading role since public and private monopolies were often a barrier to economic growth: one example was the lack of competition in the telecommunications sector, which contributed to the marginalization of many countries from the information superhighway.

29. The establishment of a competitive system was a key objective of the privatization programmes of the economies in transition. The Secretary-General contended that privatization had been unproductive in the countries in transition owing to the lack of legal frameworks and effective capital markets. On the contrary, the countries concerned had moved with alacrity to free their economies from State ownership, promote private initiative, and spur a historic shift to the market. The innovative use of vouchers had immediately involved workers in the process and created capital markets. It was not desirable to delay privatization until the necessary legal and regulatory frameworks were in place: the two processes could proceed at the same time.

30. The Secretary-General's report also implied that entrepreneurs in the countries in transition were different from other those in other countries and therefore required special support. The facts indicated otherwise: the collapse of State-run production had led to a proliferation of small and medium-sized enterprises, thus demonstrating that people did not need special seminars to tell them how to make money.

31. There was a common thread to everything connected with the creation of a competitive market, privatization and the promotion of entrepreneurship, i.e., good governance and the fight against corruption. Heavy regulation, trade and commercial regimes based on permits and licences, and private and public monopolies gave rise to corruption. A welcome should therefore be given to the activities undertaken following the adoption of the United Nations Declaration against Corruption and Bribery in International Commercial Transactions, in particular by the World Bank and IMF and by OECD.

32. A number of delegations had referred to the turmoil in Asia's currency markets, which required IMF and the Governments of the region to introduce regulations to reduce market volatility and restore investor confidence. Although such emergency measures were very important, it must not be forgotten that markets reacted according to their perception of current economic policies: sound and open management would give them greater reassurance than weak policies which masked structural problems. Accordingly, efforts should be made not to isolate the international financial system, for that would seriously hurt the prospects of growth, but rather to ensure that domestic economic policies were consistent with the principle of open markets, so that it would be possible to reap the benefits of globalization while minimizing the risks. In that connection the Statement of the Denver Summit called on financial regulators to take measures against the risks of contagion connected with globalization and to foster financial stability without undermining the benefits of globalization, liberalization and competition.

33. Governments must also provide an enabling environment for the creation of highly productive enterprises and better jobs which satisfied the minimum requirements of labour legislation: prohibition of child labour, freedom of association, collective bargaining, and non-discrimination. Such action would satisfy the moral requirements and it also represented the only means of ensuring the stability required by the kind of sustainable development in which businesses could flourish.

34. One area warranted particular attention: the role of business in fostering sustainable development. The nineteenth special session of the General Assembly and the debate in the Economic and Social Council had tended to demonstrate that private sector activity was at best non-supportive of and at worst contrary to the sustainable development objectives of environmental protection and social development. By promoting growth and providing wages and tax revenues, as well as through its direct economic participation, business was a key to the attainment of the objectives of sustainable development. Good governance meant providing business with a favourable framework for accomplishment of that mission. The United Nations should therefore endeavour to study the role of the private sector in fostering sustainable development.

35. **Mr. Tchoulkov** (Russian Federation) said that an administrative and structural reform of UNIDO was required if it was to work more effectively and be more responsive to the needs of Member States. He welcomed the guidelines for the restructuring of UNIDO contained in the report of the Secretary-General on the reform (A/51/950).

36. In view of the fact that, in the development of industrial cooperation, UNIDO would focus on two priority areas namely, industrial capacity-building and sustainable industrial development, it was particularly important to establish sectoral and thematic priorities. In the context of the priority guidelines for action by UNIDO, the Russian Federation supported steps aimed particularly at promoting foreign investment and facilitating transfers of technology. The growing global tendency to develop technical and industrial partnerships between the public and private sectors

of the economy would also have to be taken into account in the sectoral and thematic organization of UNIDO activities.

37. His delegation supported the steps taken by various United Nations agencies to apply General Assembly resolutions 48/180 and 50/106 on business and development. The establishment of the Commission on Enterprise, Business Facilitation and Development should energize work in the field. The results of its first session, at which it had adopted conclusions on enterprise development, reflected the real needs of the different groups of States and served as a useful basis for subsequent work. One of the conclusions on the elaboration of enterprise development strategies, taking into account national and international peculiarities, was of particular interest to the developing countries and the countries in transition. UNCTAD had done well to focus its analyses on the role of government and the private sector in developing small and medium-sized enterprises, inter-enterprise cooperation, entrepreneurship development and the consequences of economic and foreign trade liberalization and economic reforms on the activity of small and medium-sized enterprises.

38. The Russian Federation supported the work done in this area by UNCTAD, UNIDO, WTO, UNDP and the regional commissions, in particular the establishment of an UNCTAD/Economic Committee for Europe (ECE) inter-secretariat group on questions relating to enterprise development in the countries in transition, and the new UNDP subregional small and medium-sized enterprise programme in eastern and central European countries. The UNCTAD/ECE group must promote private sector growth, help develop entrepreneurship and create an enabling environment for business activity in the context of the transition to a market economy. The Russian Federation had itself already built up a viable private sector. It included 125,000 enterprises, whose production represented 70 per cent of the gross domestic product (GDP). Small and medium-sized enterprises currently employed more than 12 million people, or 10 per cent of the workforce. One million new jobs had been created in 1996 thanks to the development of small businesses. The federal and local authorities had set the target of bringing the number of persons employed in small and medium-sized enterprises to 30 to 40 per cent of the workforce. Meeting that target would require additional efforts and funds in priority areas of enterprise development such as the guarantee of economic and legal conditions conducive to the activity of small and medium-sized enterprises, the improvement of their competitiveness, the facilitation of their access to markets and credit, the strengthening of the service infrastructures and the training of entrepreneurs to enable them to work under market conditions. In order to achieve that, the Russian Federation was counting on the support of its traditional bilateral partners and on the technical assistance of the competent international agencies.

39. **Mr. Saguier Caballero** (Paraguay), speaking on behalf of the States members of the Rio Group, said that cooperation for industrial and agricultural development must take place within an enabling international environment in which products from the developing countries were allowed to flow into world markets, mechanisms favourable to development were established, and access to the most competitive techniques was facilitated.

40. For the Rio Group countries, it was particularly important to maintain and reinforce UNIDO responsibilities in the area of industrial cooperation. Particularly welcome had been the adoption at the seventeenth meeting of the Industrial Development Board of a plan of action for the future of UNIDO which called for new mechanisms for resource allocation, taking into account the comparative advantages offered by UNIDO as against other international cooperation agencies.

41. The Rio Group countries endorsed the joint communiqué of the Cairns Group in favour of liberalized international trade in agricultural products and the elimination of continuing distortions in that sector. The measures decided upon during the Uruguay Round in respect of the agricultural sector should be applied strictly and should be reinforced during the course of the new negotiations conducted by the WTO Agricultural Commission regarding market access and establishment of controls on internal support measures and export credit measures.

42. Lastly, the Rio Group believed that the liberalization of international agricultural trade had a favourable impact on food security throughout the world, because it allowed diversification of food sources and stimulated competition, which was a factor in reducing prices.

43. **Mr. Azaiez** (Tunisia), referring to the Second Industrial Development Decade for Africa (1991-2000), said that the United Nations system, through the Economic Commission for Africa (ECA) and UNIDO, had devised an ambitious programme to help the continent with its own industrial development.

44. At issue was the structural transformation of the African economies in order to give more place to the agro-industries and development-related industrial subsectors, thus creating an organic link between industry and agriculture, with further linkages to the transport and

communications sectors. That huge project required the mobilization of sufficient funds and the promotion of transfers of technology and financial flows to the African continent. In it, a privileged role was reserved for the private sector.

45. The African countries, with the support of UNIDO, ECA and the African Development Bank, had accordingly followed that direction by emphasizing training and the best use of human resources. Yet despite the international support recently renewed under the Alliance for Africa's Industrialization, the region was encountering enormous difficulties in implementing the programme.

46. Consequently, the General Assembly, in resolution 50/94, called for further assistance to the African countries. UNIDO had thus given priority to the mid-term review of the Second Decade by consulting all actors involved in order to create a new partnership and promote industrial development in Africa with primary reliance on the private sector. The review had shown that renewed efforts were required to translate the objectives of the Decade into specific programmes. In that regard, the report of the Secretary-General (A/52/428) underscored the fact that growth depended in large part on the level of private initiative and the existence of an environment conducive to the creation of enterprises, and that entrepreneurship development was best achieved through the development of small and medium-sized enterprises. In that connection, tribute should be paid to the work done by UNCTAD, UNIDO, the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO) and UNDP, under the Enterprise Africa programme and the setting up of business incubators.

47. The report of the Secretary-General also mentioned the importance of organizing micro-financing and a supportive environment as regarded taxation and the deregulation of the activities of local and foreign enterprises.

48. Having opted for a strategy similar to that outlined in the report, Tunisia was pursuing its liberalization of the economy, which entailed a recasting of its monetary policy, the stimulation of investment, the promotion of small and medium-sized enterprises, a more open economy, an attempt at competitiveness in the sectors of tourism, agriculture and industry, and the creation of a Tunisian solidarity bank to finance small projects in sectors excluded from traditional banking circles.

49. **Mr. Abdellatif** (Egypt) said that the private sector played an extremely important role in economic development. Developing countries should therefore strive to create a favourable climate for private firms.

50. The Secretary-General's report on entrepreneurship and privatization for economic growth and sustainable development (A/52/428) contained useful information, but most of the issues and ideas to which it referred had already been discussed in other documents, in particular the World Bank's reports on world development. It would have been preferable to give a detailed account of the measures that United Nations bodies had taken to strengthen the private sector in developing countries. Egypt hoped that such an account would be contained in the next report.

51. The donor community and transnational corporations took little interest in industrialization in Africa. Moreover, the United Nations New Agenda for the Development of Africa in the 1990s made no recommendations in that connection. His delegation hoped that donor countries and transnational corporations would support the programme of the Second Industrial Development Decade for Africa during the remaining period, as the African countries, especially the least developed among them, could not restructure their economies in the absence of an industrial sector. The Alliance for Africa's Industrialization viewed industrial development as being linked to agricultural development, and devoted considerable attention to sectors engaged in the development of Africa's natural resources.

52. The United Nations, the donor community and transnational corporations should coordinate their activities in Africa, with the participation of the African countries. It would be useful for all parties concerned to join forces, in the framework of the United Nations System-wide Special Initiative on Africa in particular, with a view to strengthening the role played by private enterprise in the industrial sector in Africa, especially in the least developed countries.

53. **Mr. Özügergin** (Turkey) said that the world was characterized by a more competitive environment than ever before, and that market forces and the principle of free enterprise had taken the place of command economies. In that environment, small and medium-sized firms played a unique role: they produced more with less investment, they created employment, they withstood economic fluctuations better, thanks to their flexible structure, and they adapted readily to changes in demand and consumption patterns. They also encouraged balanced regional development and tended to help correct imbalances in national income distribution. Virtually all enterprises in Turkey were small or medium-sized industries. They employed almost half of the country's labour force and produced a third of the total value added. However, they had their problems: they found it difficult to obtain loans, benefit from incentives, follow technical advancements or attract highly qualified personnel.

54. He expressed satisfaction at the initiatives taken by various United Nations funds and programmes, such as the 1995 survey of business incubators conducted by the United Nations Industrial Development Organization (UNIDO), the technical cooperation project for promoting entrepreneurship (EMPRETEC), which supported the development of small and medium-sized enterprises and was implemented jointly by the Department of Economic and Social Affairs and the United Nations Conference on Trade and Development (UNCTAD), and the numerous projects of the United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO) and the International Labour Organization (ILO). He also expressed agreement with the conclusions of the Secretary-General's report (A/52/428) to the effect that support services to small and medium-sized industries (training, technical assistance, management and marketing advice) yielded better results through cooperation between the public and private sectors, which was the model used in Turkey. Some circles appeared to take the view that privatization was both necessary and inevitable. If that were true, small and medium-sized enterprises would be able to fill, at least partially, the vacuum created by the contraction of the State. In that case, the United Nations system should continue to provide such enterprises with support to foster their growth.

55. **Mr. Yuan Shaofu** (China) said that the experience of some countries had shown that privatization was neither a magic wand for economic development nor the only possible outcome of enterprise reform. Such a reform should be determined by the reality of a given country, by the need to adapt to market mechanisms, and by the requirements of globalization and liberalization. In China, it was essential to reform State-owned enterprises to bring them into line with the requirements of a market economy. The end in view was to create, on the one hand, highly competitive large enterprise groups engaging in transregional and transnational operations, and, on the other hand, small enterprises working under the joint stock partnership system.

56. In addition to enterprise reform, the development of entrepreneurship was indispensable for economic and social development. For that purpose, a favourable social environment was needed, and that in turn would require the State and society to provide support in the form of training, infrastructure building and networking of enterprises. The State could also play a useful role by regulating the macroeconomy to reduce business risks facing enterprises, strengthening the relevant legislation to provide them with legal protection, improving the market mechanism, reducing administrative interference, and developing a system of financial institutions to facilitate the mobilization of resources. The international community, especially the developed countries, should also assist the development of small and medium-sized enterprises in the developing countries through joint ventures, stock participation, technology transfer or licensing agreements.

57. UNCTAD, UNDP, UNIDO, ILO and the regional commissions were contributing actively to the development of enterprises in developing countries, and could facilitate networking among enterprises of different countries. China hoped not only to benefit from global and regional technical cooperation programmes, but also to help other countries benefit from its experience.

58. Industrial development was a key to the process of modernization, which would enable the developing countries to achieve sustained economic growth and sustainable development. Support from the international community should supplement each country's own efforts in the framework of international cooperation for development, which should aim at industrial development, economic growth, the improvement of living standards and the elimination of unemployment.

59. UNIDO, as the central coordination organ for industrial development within the United Nations system, was endeavouring to promote industrial growth and international cooperation in that sector, with a view to assisting the developing countries to eliminate poverty and revitalize their economies. Consequently, his Government proposed to continue its close cooperation with UNIDO and appealed to other countries to do the same by taking concrete actions.

60. **Ms. Amoah** (Ghana) noted that while as a group, the developing countries had increased their share of global industrial production, Africa's share had declined gradually from 0.6 per cent in 1970 to 0.3 per cent in 1995, despite the adoption of industrialization policies. The continent was in danger of increased marginalization: it depended on a few commodities, its infrastructure was inadequate, and its industrial capacity and qualified human resource base were small, while local industries had been unable to compete in the face of cheap imports dumped through trade liberalization.

61. The industrialization of Africa could be a motor for growth and provide a lasting solution to Africa's economic and social crises. The principal initiatives for industrialization in the region had been taken as part of the two Industrial Development Decades for Africa, to which had been added the Alliance for Africa's Industrialization, launched in Abidjan in 1996. However, the recommended strategies had not been adopted at the country level, the

African private sector had not been capable of playing its part and the financial support had been inadequate. The Conference of African Ministers of Industry had adopted a plan of action focusing on actions at the national, subregional and regional levels to facilitate the transformation of African economies, internalizing the Alliance into the development process and mobilizing domestic and foreign investment and official development assistance (ODA), in close cooperation with Alliance partners such as UNIDO, the Economic Commission for Africa, the African Development Bank, the private sector and the industrial world in general. Also, Africa could learn from the experience of East and South-East Asia, specifically within the framework of South-South cooperation and economic and technical cooperation among developing countries. The international community too should support the efforts of the countries in the region and participate in establishing the basic infrastructure and the institutions needed for the market and the private sector to work properly. The United Nations system could also participate in the African industrialization process by assisting in replicating the methods which had yielded good results in Asia.

62. **Mr. Langley** (New Zealand) said that the private sector had a crucial role to play in development, not only in terms of foreign direct investment but also by strengthening domestic enterprises. In his report (A/52/480), the Secretary-General had pointed out that economic growth was largely determined by the degree of entrepreneurship and the existence of a climate favouring business creation. It was therefore essential to create an enabling environment for attracting private capital, encouraging investment stability and providing essential assistance to the poorest countries. Official development assistance could contribute to building the capacity of infrastructure and institutions and ensuring that economic growth was both balanced and sustainable. New Zealand's ODA strategy was focused on private sector development, as shown in its Pacific islands investment and development scheme, whose goal was to establish new joint ventures, facilitate the exchange of ideas and technology through training, advisory missions and personnel exchanges. He emphasized, however, that official development assistance and foreign direct investment played different roles, even though they both contributed to economic development, as the Secretary-General had rightly noted in his report.

63. **Mr. Bamba** (Côte d'Ivoire) said that the Secretary-General's report (A/52/480) threw valuable light on the implementation of the Second Industrial Development Decade for Africa. He recalled that Côte d'Ivoire had passed through a serious crisis in the 1980s, caused by the collapse in the prices of coffee and cocoa beans, which had demonstrated the limits of an agriculture-based development model. Côte d'Ivoire had then realized that it had to have a solid industrial base and had taken steps to develop the private sector and implement appropriate sectoral strategies. Efforts had also been made to develop the services and export sectors by diversifying markets and partners and speeding up construction of a subregional economic integration area.

64. The Alliance for Africa's Industrialization, launched in Abidjan in 1996, was a purely African initiative aimed at establishing a dynamic mechanism to give fresh impetus to the implementation of the programme of the Second Industrial Development Decade for Africa, speed up Africa's industrialization and transform its economy. Since industrialization and competitiveness originated in a choice and a commitment, the Alliance would try to get Africans to set goals for their industrial development and lay down strategies to achieve them; engage the international community in participating more actively in Africa's industrial development by building up national capacities; and encourage industrial cooperation among African countries in order to achieve economies of scale and promote environmentally viable development.

65. A plan of action had been adopted when the Alliance was launched. The Ivorian authorities had been asked to set up an institutional framework for implementing the plan, in close cooperation with the Organization of African Unity. The Alliance was setting out a clear vision of the African countries' goals and submitting a specific plan of action with wide-ranging support in Africa. The region currently needed the support of the international community in order to implement country programmes.

66. **Mr. Rahamtallah** (Sudan) said that the Sudan had developed an industrial development strategy for the coming five years. The aim of the strategy was to boost the share of processing industries in exports of manufactured products from 9 per cent to 30 per cent – such exports had amounted to $102 million over the first half of 1997 – and improve quality, particularly in the agricultural sector, to meet international standards. Also, the Ministry of Industry had set very strict conditions in order to promote the Sudan's industrial development with a view to joining the World Trade Organization.

67. Sudanese industry had been hard hit by economic reform programmes and the transition to a market economy. Even though the policy the Government had adopted had been beneficial for the economy as a whole, the industrial

sector had seen negative growth, but that situation would surely improve in the medium and long term.

68. In connection with the Secretary-General's report on the implementation of the programme for the Second Industrial Development Decade for Africa (A/52/480), his Government reaffirmed that industrial development was at the root of the general process of development and that Africa could not do without it if it wanted to become competitive during the current period of economic globalization and liberalization rather than limit itself to producing raw materials.

69. The lack of results during the two Industrial Development Decades for Africa was attributable to adverse economic conditions at the national, regional and world levels, the inadequacy of the resources mobilized for implementing the programmes for the two Decades, an increasing burden of external debt, a lack of human and other resources available to the private sector, breaches of ODA commitments and the preference for bilateral assistance at the expense of multilateral cooperation, a lack of interest on the part of the principal donors and the international financial institutions in the programmes for the Decades on the pretext that they had not taken part in their elaboration, and the constant shrinkage in the share of the United Nations budget allocated to the two Industrial Development Decades for Africa. That shrinkage was confirmed in the draft programme budget for 1998-1999 and in the UNIDO budget for the same period, which was down 20 per cent relative to the previous biennium.

70. For the future, the recommendations in the report would not make it possible to lay the foundations for industrial development in Africa as it made no explicit reference to the international community's obligations to Africa. Nor did it mention building capacity in African developing countries, particularly the least developed, which were suffering on account of economic globalization and liberalization and were therefore unable either to break into the global market or to be competitive. That was why the external debt problem had to be solved so that the African countries could allocate their meagre resources to industrial development and the international community could be induced to devote enough resources to development; to provide UNIDO with the human and financial resources it needed to carry out its mandate; to pay special attention to developing the human resources of the countries concerned, for without human resources there could be no industrial development; to build capacity in the public and private sectors of the African countries to enable them to participate in a more effective and balanced manner in productive activities; and to facilitate technology transfers to the developing countries, especially in Africa.

71. Contributions by the international community to Africa's industrial development would benefit all countries, including the developed ones, because any shrinkage in the global market would hurt their exports and exacerbate their unemployment problem. Growth in the world's economy and prosperity for its peoples required balanced development for all countries.

72. **Mr. Reva** (Ukraine) said that, despite all the efforts aimed at reforming and revitalizing its activities, UNIDO was in trouble, largely because some major contributors had withdrawn their membership. UNIDO activities ought to be more streamlined and focused on real priorities; and the interests of countries in transition should be better addressed in its technical cooperation programmes. His delegation welcomed the efforts by United Nations bodies to support entrepreneurial development and strengthen the private sector in developing countries and countries in transition. It also welcomed the increasing presence in Eastern Europe and Central Asia of the United Nations Development Programme, the International Labour Organization, the United Nations Conference on Trade and Development and UNIDO itself, and it commended the effective role of the Economic Commission for Europe in supporting the development of small and medium-sized enterprises.

73. The countries in transition had used privatization as a major instrument in moving to a market economy. In the process they should create a legislative framework and a banking infrastructure, focusing on monopoly issues, competition and the enabling environment.

74. The institutional base for the development of small enterprises was being put in place in Ukraine through the implementation of a two-year programme of development. Another key problem to be settled was the restructuring of the defence industry for civilian markets. The United Nations Development Programme and UNIDO could play an important role in solving those problems, notably by facilitating foreign investments and providing methodological support.

75. A stable and transparent environment in international trade was essential for the mobilization of investment, finance and technology to promote sustainable economic and social development.

76. **Mr. Dlamini** (Swaziland) said that the Secretary-General's report (A/52/480) provided a comprehensive account of world industrial development trends and industrial progress. It indicated that, while developing

countries had significant opportunities for access to markets and new technologies, not all would be able to benefit; the least developed countries, in particular, continued to be marginalized owing to a lack of resources. In that regard the international community should redress disparities by fostering an economic environment conducive to sustainable development in developing countries.

77. Despite Africa's overall growth since 1994, many African countries were still among the least developed. They were still beset with problems of high inflation and unemployment. The need for greater mobilization of domestic resources was further dictated by a decline in official development assistance and the lack of foreign direct investment. The debt burden had become unbearable in many African countries, to the extent that it prejudiced the success of the reform efforts aimed at the restoration of economic, social and political viability. It was therefore essential for the developed countries to reverse the downward trend in official development assistance and to increase aid programmes to support developing countries, particularly in Africa.

78. There had already been a positive outcome to the efforts of UNIDO in the reform process and gratitude was owed to those developed countries which had reversed their decision to withdraw funding from the organization. Developing countries increasingly required technical assistance for capacity-building and for the creation of an enabling environment for sustainable industrial growth and international competitiveness. His delegation was therefore encouraged by the coordination between UNIDO and the Economic Commission for Africa in the mobilization of funds and the implementation of projects, particularly the promotion of small and medium-sized enterprises. He also welcomed the collaboration between UNIDO and the Alliance for Africa's Industrialization, particularly in the provision of technical support for the implementation of national programmes.

79. It should be noted that, even after such an aggressive programme of reform, UNIDO was still in a precarious situation. It was important, therefore, that the developed countries should provide it with the necessary funding.

80. The private sector was an engine of industrial development. To meet the challenge of creating a friendly environment for private investment, Swaziland had improved its legal and regulatory environment, by enacting the Investment Promotion Act, which had the primary objective of promoting local and foreign investment in Swaziland through incentives for manufacturing enterprises. The protection of investments was also guaranteed under the Act. In addition, tax law had been revised with a view to lowering corporate tax rates and lifting restrictions on the repatriation of dividends and profits. Those measures were complemented by active privatization in some key sectors such as telecommunications, water and transport. The national development strategy was people-centred, involving the public and private sectors, civil society and non-governmental organizations. In all its initiatives the Government focused on partnership with the private sector because of its capacity in the promotion of industrial development. Unfortunately, the authorities' efforts had been undermined by an economic decline exacerbated by the drought and many outside factors, such as unpredictable commodity prices and the strong competition in attracting foreign direct investment.

81. Infrastructure development, industrialization, human resources development and sound macroeconomic policies required the coordinated support of the United Nations system and an effective partnership with developed countries, which had the financial capacity and necessary technology to jump-start the economies of developing countries.

The meeting rose at 1.10 p.m.